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ELIAS C. ALVORD (1942)
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OF COUNSEL
URBAN A. LESTER

February 26, 2003

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

RECORDATION NO. 24336 FILED
FEB 26 '03 2:41 PM
SURFACE TRANSPORTATION BOARD

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Mortgage, dated as of February 26, 2003, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Debtor:	Babcock & Brown Rail Funding LLC 599 Lexington Avenue New York, New York 10022
[Secured Party:	Bayerische Hypo-Und Vereinsbank AG, as Agent FPA 4 Lease/Asset Finance Am Tucherpark 1 (FPA) 80538 Munich Germany]

Mr. Vernon A. Williams
February 26, 2003
Page Two

A description of the railroad equipment covered by the enclosed document is:

165 boxcars UP 354450 – UP 354614

A short summary of the document to appear in the index is:

Memorandum of Mortgage.

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anr
Enclosures

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SURFACE TRANSPORTATION BOARD

EXECUTION COPY

MEMORANDUM OF MORTGAGE

Memorandum of Mortgage, made and entered into as of February 26, 2003 between BABCOCK & BROWN RAIL FUNDING LLC, (the "Debtor") and BAYERISCHE HYPO-UND VEREINSBANK AG, as Agent under the Security Agreement referred to below (together with its successors and permitted assigns, the "Secured Party"). Terms used in this instrument have the meanings assigned thereto in the Amended and Restated Security Agreement dated as of October 18, 2002 (as supplemented, including by Security Agreement Supplement No. 2 dated the date hereof, the "Security Agreement") between the Secured Party and the Debtor.

WITNESSETH:

The undersigned and the Secured Party have entered into the Security Agreement, by which the Debtor has granted a security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto and in each lease referred to on Exhibit B attached hereto to the Secured Party in order to secure the Debtor's performance of its obligations as described in the Security Agreement.

IN WITNESS WHEREOF, the party hereto has caused this memorandum to be duly executed by its officer duly authorized as of the date and year first above written.

BABCOCK & BROWN RAIL FUNDING LLC

By 
Name: Lawrence E. Littlefield
Title: Vice President

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 24th day of February in the year 2003 before me personally came Lawrence E. Littlefield to me known, who, being by me duly sworn, did depose and say that he resides at 127 Danforth Drive, New Canaan, CT 06840; that he is the Vice President (duly appointed) of Babcock & Brown Rail Funding LLC, the limited liability company described in and which executed the above instrument; and that he signed his name thereto by authority of the officers of said limited liability company.

[Notarial Seal]



Notary Public

PATRICIA A. WAGES
Notary Public, State of New York
No. 01WA6051049
Qualified in New York County
Commission Expires November 13, 2006

**Exhibit A
to Memorandum of Mortgage**

EQUIPMENT

Lease #	# Cars	Year Built	Description	Reporting Marks	Casualty Marks
1	165	2002	60'-9", Plate F boxcars with double 8-foot plug doors 286,000 lbs. GRL, and 15" EOCC	UP 354450-354614, inclusive	None.

Exhibit B
to Memorandum of Mortgage

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

Lease #

1. Master Lease Agreement made as of September 30, 2002, between Greenbrier Leasing Corporation and Union Pacific Railroad Company.

Rider No. 1 to Master Lease Agreement dated as of September 30, 2002, between Greenbrier Leasing Corporation and Union Pacific Railroad Company, to the extent the same relates to the Equipment described in Exhibit A.

Amendment to Lease Rider made effective on February 20, 2003, between Greenbrier Leasing Corporation and Union Pacific Railroad Company, to the extent the same relates to the Equipment described in Exhibit A.

Memorandum of Master Lease Agreement and Rider No. 1 made and entered into as of September 30, 2002, between Greenbrier Leasing Corporation and Union Pacific Railroad Company, to the extent the same relates to the Equipment described in Exhibit A.

Bill of Sale dated February 11, 2003 from Gunderson, Inc. to Greenbrier Leasing Corporation and the Certificates of Acceptance executed by Greenbrier Leasing Corporation in relation to the railcars identified in the Bill of Sale.

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: _____

7/26/03



Robert W. Alvord